

CHAPTER- I

INTRODUCTION

1.1 Background of the Study

The pharmaceutical industries develop, produce and markets drugs and pharmaceuticals licensed for use as medications. Pharmaceuticals Company is allowed to deal in generic and brand medications and medical devices. They are subject to a variety of laws and regulations regarding the patenting, testing and ensuring safety and efficacy and marketing of drugs. The word Pharmaceutical comes from the Greek word “Pharmakeia”. The modern transliteration of Pharmakeia is Pharmacia. As we all know that better quality medicines can save lives by complimenting success to the treatment regime of doctors. Pharmaceutical products are being directly related to the health of the patients. It is very sensitive issue where neither the government of the nation nor the manufacturing companies can afford to compromise with quality. Health is considered as the wealth of human beings. Recognizing the importance of drugs, each nation has formulated rules and regulations specifying that the consumers should get drugs which are efficacious and good quality. Pharmaceutical Industries plays the major roles in managing the safety of drugs because it discovers, develops, makes and sells medicines.

At present, there are 45 national pharmaceuticals industries registered with the Department of Drug Administration (DDA) of Nepal with an investment of more than 8 Billion. The local industries contribute 40% of total domestic market, which accounts for almost Rs.5 Billion. Most of the pharmaceuticals are set up in the areas of capital city Kathmandu, Bhaktapur, Biratnagar, Rupendehi, Dharan, Bara and Brijung keeping hygiene and environment into consideration. To name a few, there are always Deurali-Janata, Asian, Time, Omnica and such like will be listed.

But given the competition in the today's market where most of capital seems to be imbibed by the Indian and Bangladeshi companies. There are 45 pharmaceutical companies are operating in Nepal at present. Likewise, the size of the pharmaceutical market has crossed Rs.17 Billion. This sector has made a huge leap forward over the period of last two decades, but Nepal still depend on imports to fulfill more than 60 percent of the total national drug requirement. The investment in the pharmaceutical industry has swelled to around Rs. 8 billion. Our domestic market is growing fast. The overall market for pharmaceutical product is growing by around 13% annually. However, competition among the producers is very intense, and that has depressed the rate of return for the companies. The Drug Department of Nepal has been using protectionist measures making it more and more difficult for foreign Pharma companies to enter Nepal. Although this might benefit Nepalese drug companies, ultimately it's the consumer who suffers given the sub-par quality of manufacturing facilities to some Nepalese companies. DJPL is one who exports to other countries as well. The government's Drug Act should be amended as per the changing situation in order to encourage Nepalese pharmaceutical producers to produce modern medicines to compete foreign medicines in the present market.

The government is trying to provide different incentives like tax exemptions and other rebates to indigenious producers. Today, Government has learnt from the success of Bangladesh, which has emerged as one of the leading exporters of pharmaceutical product by expanding its market to more than 92 countries. Nepalese pharmaceutical products also can reach international markets like Bangladesh has done, but developing this sector does not figure in our government's list of priorities till now. For that, the government is trying to establish a special Economic Zone for the pharmaceutical sector and provide electricity, water, security and raw materials at concessionary rates.

1.2 Statement of the Problem

The present condition of Nepalese pharmaceutical is in developing stage which has unlimited markets in the domestic as well as foreign areas. There are 100 countries in the world that do not manufacture any medicinal drug till now. At present our labor rate is low and we have a huge amount of raw material for medicine. So the market represents a huge potential for our industry to tap. Of course, we need modern technology and skilled manpower to increase our competitiveness in the international market. But the right mix of marketing policy support and investment and technology. Nepal can overcome that constraint. Nepal has ample scope to export medicines at present. The Nepalese pharmaceutical Industries sector is still in its infancy. As the matter of the fact, the sector begun to take a modern shape in 80s, and it was only in late 1990s that the pharmaceutical industry sector started witnessing a proliferation in the number of pharmaceutical companies. Now more than 45 domestic pharmaceutical companies are in Nepal. Likewise, more than 200 pharma companies mainly from India and Bangladesh are also operating as major players in the country.

Nowadays the country's pharma sector is growing at a healthy clip. Out of the total 45 domestic companies, 18 have been awarded with WHO-GMP certification, and, the rest have been recognized with National GMP certification. This is the perfect testimony to the fact that products of Nepalese pharmaceutical companies comply with required quality standards. Hence Nepalese pharmaceutical companies are in the position to compete with foreign ones. Nepalese pharma sector is among the fast growing industries in Nepal. It behooves the government to lend justifiable support to buttress its growth. The Nepalese pharma sector has become strong and stable in considerable number of aspect. Nepalese pharma are providing a wide range of quality pharma products at a very economical rate. So, the government does not need to import those products in

which Nepalese products have competitive edge. National Industries are fulfilling 40% of total drug demand of the country. As we all know Nepal has a lot opportunity and future potential in the production of pharmaceutical products. For this government should try to create the suitable environment of the establishment of pharmaceutical industry through the making various effective plan and policies. Policies should be updated according to the changing environment in order to encourage the industry like DJPL and other industry which are planning to operate in Nepalese market.

Deurali –Janata Pharmaceutical Pvt. Ltd was established in 1989 and it started operation activities from 1991 having the main objective of producing the qualitative medicines to protect and improve the health of human beings. The company has grown rapidly to become now one of the leading manufacturers of pharmaceutical products of Nepal. It has successfully completed more than 20 years of its operation with the motto of “Caring for better Well being” .DJPL is always committed to constant development and improvement, resulting in providing better service to its customers, a fundamental assurance on which Deurali-Janata’s reputation is build on. With the aspiration and fair of achieving excellence for the product produced, Deurali-Janata introduced and holds state of art technology at manufacturer plant at now. So DJPL has a mission to provide the best quality medicine in the reasonable price for people always. With a vision of nothing is more precious than our health, Deurali-Janata was established to save and improve this precious treasure of human being. So it has always kept Quality in its top most priority.

The manufacturing plant of DJPL at Kathmandu has seen strategic and significant changes in the recent years to produce highest quality products. The production processes have been adopted and validated not only to meet with WHO GMP

guidelines but also to meet the requirement of other international regulatory agencies. The highly sophisticated state-of-art manufacturing plant at Dhapasi, Kathmandu is operational to produce highest quality products to meet the demanding market of the present day. Deurali-Janata currently manufactures antibiotics& oral solids (Tablets/Capsules/Dry powders) as well as liquid dosage forms, in it are about 45,000Sq.Ft. Of centrally air conditioned facilities.

Thus it is becoming one of the leading pharmaceutical industries based in Nepal and dedicated for producing highest quality medicines for better care of the patients. The main objective to choose DJPL for this study is to find out the marketing management condition of DJPL one of the biggest leading pharmaceutical industry of nation.

1.3 Objective of the Study

The basic objectives of this study are to analyze and find out the actual condition of a leading domestic pharmaceutical industry DJPL and its marketing strategy. Besides this the main goals for the thesis is to know the present status of Nepalese pharmaceutical industry and its marketing activities in local market as well as the modern way of marketing strategies for the drugs in local market.

Objectives of the research study is to find out he key words for he suggesting the entrepreneurs for trying to seek out he ways of saving the existence and increasing the competitiveness of Nepalese Drugs product. The specific objectives of the study are as follows:

-) To analyze the actual condition of DJPL and suggest measures to improve the existing marketing of the DJPL.
-) To know the key points for improving and maintain the quality of Nepalese pharmaceutical products as per WHO GMP guidelines.

-) To study further self reliance in production of essential drugs.
-) To find out the problems and know policies of Nepalese pharmaceutical industries in public and private sectors.
-) To present the suggestion for the improvement of the market share of the Nepalese drugs in competition with foreign drugs in market.
-) To give the recommendation to the government of Nepal for necessary step to be made for making modern policies to support the Nepalese pharmaceutical industries.
-) To recommend the government for monitor effectively in the entry of unregistered medical brands in Nepalese market.

The research study is done to find out the current situation of DJPL position in pharmaceutical industries in Nepal and main objective is to present and highlight the marketing management condition of DJPL which is known as one of pioneer pharmaceutical industry of the country either the scenes of generating lots of opportunities of jobs or the scenes of producing the huge amount of drugs for the people of Nepal..

1.4 Research Methodology

To accomplish the stated objectives of this study, following methodology has been adopted.

Research Question and Design

Data in this study will be analyzed keeping in mind with the following research questions:

-) What are the major marketing problems of Nepalese pharmaceutical industries?

-) How can Nepalese Pharmaceutical Industry improve and maintain the quality of their products as per WHO GMP guidelines?
-) What are suggestions to improve the existing marketing of the DJPL?
-) What should be done for the improvement of the market share of the Nepalese drugs in competition with foreign drugs in market?
-) What is the possibility for further self reliance in production of essential drugs?
-) What will be the necessary step to be made for making modern policies to support the Nepalese pharmaceutical industries?
-) How can government monitor effectively in the entry of unregistered medical brands in Nepalese market?

The study will be almost desk research as its main objective of the study is to present some suggestions for the betterment and the advancement of the existing marketing of the DJPL. Hence, the result can bring the positive impact in the regulation of Nepalese pharmaceuticals industries and as well as the economy of the country

1.5 Limitation of the Study

The study is carried within lots of limitations. The research was based and concerned with the DJPL and Nepalese pharmaceutical industries. It may not be a comprehensive study due to the limited studies and surveys are available in this area. The study was focused on Pharmaceutical Industries. Samples were taken from within the Kathmandu valley, so it does not represent the whole nations who are related to these concerned matters. Because of time constraint, most of historical data were not found, so statistical data used in this study are taken through CBS office. Marketing research is done within short period of time; it may not be able to provide any projection for the future.

The main subject area of this research is limited to marketing management of the DJPL and the other organizations are not included in this study. It is basically an analytical study focus on certain aspects of pharmaceutical producers, consumers, doctors, dealers, importers and medical practitioners. The overall study is totally based on the primary and secondary data as expert opinion, so it may contain reporting and non-response errors and some of gathered data may be old. Hence the main limitations of the research are time constraint, financial problems and lack of availability of the recent information and data.

1.6 Organization of the Study

This study is divided into five chapters. Chapter one consists short introduction of the background of the study, statement of the problem, objectives of the study, significance of the study, organization of the study and limitation of the study.

The second chapter provides extensive literature review which includes concept of marketing, reviews of books, journals, articles that describes about the marketing of pharmaceutical industries, used of terminologies and conceptual framework.

The third chapter is concerned with research methodology of the study, which includes introduction, research-design, sampling producer and sample size, nature and sources of data, collection data and analysis with presentation.

Similarly, chapter four is about the analysis and presentation of findings on basis of primary as well as secondary data that were taken from various sources based on major findings.

At last, chapter five presents the summary of the whole research work, Conclusion and recommendations.

CHAPTER- II

CONCEPTUAL REVIEW

2.1 Conceptual Review

2.1.1 Introduction of Marketing Concept

This is the age of marketing. Each and every organization needs to produce either goods or services and they have to market their products to achieve their organization's goals. Since now marketing is considered a significant part of any manufacturing organization. Marketing is the process of focusing the resources and objectives of an organization on environmental opportunities and needs. The customer of today's world is much more aware due to globalization, liberalization and the cause of the development in information sector. Due to the rapid improvement in technology today's marketing field is very competitive.

Marketing comprise the both activities that is buying and selling of goods and services of manufacturing organization .It is known as the process of transferring the ownership of goods and services which provide for the physical distribution. It is consider as an organizational function which includes plan, implement, evaluate and control whole marketing activities balancing the interests of organization, consumers and the total society. The organization must be able to implement the latest, modern marketing concepts and thoughts, organize the marketing department and branches, monitor and scan marketing environment and build up effective information system to survive today's dynamic business environment.

2.1.2 Definition of Marketing

'Marketing' has defined differently by the different association and individual persons in their own style and terms. For instance, American Marketing Association has defined marketing is the performance of business activities that's

directs the flow of goods and services from producer to consumer or user; again it says that Marketing is an organizational function and set of process for creating, communication and delivering value to customers and for managing customer relationship in ways that benefit the organization and its stakeholders. Hepner says that the term marketing includes every activity that has to do with movement of goods from the point where they are produce to the point where they are consumed. It includes the study of advertising, sales policies, pricing, product planning and analysis of the market in terms of its present and potential customers. It seeks to discover where and how the customers live, their habits and movements and their responsibilities to varying forms of marketing stimuli. According to the Philip Kotler “Marketing research is systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company.”

“Marketing research is he function which links the consumer, customer and public to the marketer though information used to identify and define marketing opportunities and problem, generate, refine and evaluate marketing actions, monitoring marketing performance and improving marketing as a process” (American Marketing Association).

Thus Marketing involves all the activities which are aimed to satisfying the actual needs of the consumers by the change relationship to achieve organization goals having the responsibility in the present dynamic business environment of the market.

Thus marketing research is a direct result of adoption of marketing concept by business organization. Marketing concepts gives more accurate understanding of consumers need, preference and delivery of most want satisfying product and

service to present and potential consumers. Competitive environment of marketing has forced most organization to give up "hit and trial" method for business and encouraged them to adopt marketing research for better understanding of consumer, competitors and micro and macro market forces. Thus, modern marketing concepts emphasis on achieving organizational objective by marketing activities integrated toward determining and satisfying customer need and target market. This new philosophy of marketing need top management support, market intelligence system, organizational restructuring, human resource development and appropriate marketing mix.

2.1.3 Marketing Mix

The marketing mix is one of the most the most famous marketing terms. The marketing mix is the tactical or operational part of a marketing plan the marketing mix is also called the 4Ps. The 4Ps are place, place, product and promotion. The marketing mix is the tactical or operational part of a marketing mix. Mix is the set of marketing tools which is used the organization to pursue their marketing goals in the certain or target market. Product, Price, Place and Promotion are the variables that marketing managers can control in order to best satisfy customer in target market. The organization attempts to generate a positive response in the target market by blending these four marketing mix variable in an optimal manner. Organization should manage equally balance between these 4Ps to achieve their objectives in the target market.

A) Product

Product is known as physical goods or services which are offered to the customers. Sometimes it also refers to any services or conveniences which are the part of offering. Product satisfies the customer need, branding, quality variety, design, shape, size and color as well as packaging.

B) Price

Pricing of a product includes not only the list of price, but also discount, financing and other options such as leasing. It should be reasonable, discount in bulk buying too stockiest, allowance, terms of sale. Pricing decision should take into account profit margins and probable pricing response of competitors.

C) Place

Place is associated to the channels of distribution that serve as the means for getting the product to the target customers. The distribution system performs transactional, logistics and facilitating functions, material handling, inventory management and transportation.

D) Promotion

Promotion activities are related to communicating and selling to potential consumers. Promotion decisions involve advertising, public relation, personal selling, direct marketing, media etc. Promotion includes all of the tools available to the marketer for marketing communication.

2.1.4 Marketing in Nepal

Nepal is well known and famous for its natural scenery, unmatched cultural diversity, hospitably. Undoubtedly, Nepal certainly is blessed with full of natural resources. Marketing philosophy has not been well adopted by the most of origination in Nepal. As we all know industrial sector is in a developing stage. In last decade there is demographic change being new challenges as well as opportunities for marketers such as expansion of natural market size. The huge increment in the urban population has bought many serious pressures on urban infrastructures such as road, drainage, drinking water but provided marketers to sell products related to urban life style home, future, prepared foods.

The role of services and production has been growing rapidly in the recent years. The private sector is developing in Nepal so that the size of market for product is also in increasing stage. Nowadays global companies; multinational companies are establishing their branches in Nepal and they are transferring modern marketing skills, capital and technology in Nepalese market. Nepalese enterprises have to adopt modern marketing skills than to concentrate on traditional approaches of marketing for production and selling. So the modern concept is gradually emerging as the part of management philosophy for facing of the challenges in this time.

2.2. Terminologies Used

A) Drugs: A drug is any substance that, when taken into body, changes the way we feel, the way we perceive things and the way the body works. It is the component that is useful for diagnosis, prevention, treatment or cure of diseases. So drug is known as remedy and used for diagnosis and treatment of disease and maintenance of health by nonsurgical means.

B) Essential Drugs: Essential drugs are those drugs which are used for satisfying the health care need of the majority of the population. They should be available all the time in adequate amount and in appropriate dosage forms has sorted out the list of essential drugs (EDL) in drug bulletin. EDL is based on WHO model list.

C) Pharmacy: Pharmacy is a drugstore where medicinal drugs are dispensed and sold. It is a place where the science or practice of the preparation, preserving, compounding, dispensing and proper utilization of medicinal drugs. It includes collection, identification, purification, isolation, synthesis, standardization and quality control of medical substances.

D) Pharmacology: It is branch of medicine concerned with a science which deals origin, nature, chemistry, effects and uses of drugs. It is the study or knowledge of the drugs. It deals with history, sources, physical and chemical properties, biochemical and physiological effects.

E) Pharmacopoeias: “Pharmacone” means drugs and “pio” means compounding. These are authorized and officials books, which are published by authorized bodies under some laws and government regulations.

2.3 Health Care Services

2.3.1 Importance of Health Care Services

There is common saying in English, “Health is Wealth”. We must give attention to preserve our health. The development of a country depends on the health of the people of their nation. United Nation Human Right General Assembly on December 10th 1948 defined health as a human right of every people rather than a privilege.

Since WHO has also accepted this fact, government should initiate firm steps for providing adequate health related activities. Health activities should not discriminate between developed and under developed countries. In fact, health programs and policies should be given topmost priority in Least Developed Country like Nepal where more than one fourth of total population lies below poverty line in order to achieve health for all.

2.3.2 Significance of Medicine Use in Health Care System

Medicine is an unavoidable commodity for serious time of illness. Medicine is used in human being and animals for diagnosis, treatment, cure, mitigation and prevention of diseases or the promotion of health or for the destruction of

microorganism causing disease or to affect the physical structure or function of the body.

Medicine is easily available in the every corner of the country for the treatment. Drugs are available readily in every nooks and corner of the country where treatment facility is accessible. Drug and drug sale are directly related with life and health of any living being so this is a very responsible and sensitive profession. Ministry of Health administered Preventive health service through the health posts and different agencies as a means and measure used to control the transmission and spread of disease. Pharmaceutical Industrialist must think of attracting and keeping the highest value customer i.e. professional doctors who actually prescribes for quality drugs which is directly related to the health of human beings. The significance of the medicine use in health care system is very sensitive matter because health of human beings is very considered as a valuable asset in the 21st century.

2.3.3 Health Care Services in Nepal

Nepal is on of developing country of the world, situated in the northern hemisphere and known as a tiny landlocked country which occupies only 0.03% and 0.3% of the total land area of the world and Asia respectively. The country has an extreme topography and climate. According to the preliminary report taken on 2011A.D; Total population of Nepal is 2, 66, 20, 809 where the number of male population is 1, 29, 27,431 and the number of female population is 1, 36, 93,378. Annual population growth rate is 1.40%. The life expectancy of Nepal is 63.6 years for men and 64.5 years for female according to the Demographic Health Survey which is too low as compared to the European countries as well as other develop country like United State, Australia etc. The per capita Income of Nepal is GDP(US\$) 642 according to the Macro Economic Indicators taken on

2011A.D. which is also two low with compares to the developed country and it is not satisfactory. Annual Growth Rate GDP is just 3.47% and it shows that our economic status is not in very strength position. However all the data shows the result is not satisfactory.

The below data indicates the current status of health care management in Nepal. Although, Private and public sector play very important role to uplift the standard of health care services in Nepal. The integrated forces of different NGO and INGO also supporting for the betterment of health condition in Nepal. We must utilize the huge donation which comes from world Health Organization such as UNICEF, UNFPA, EU, and JICA for the development to the health sectors in our country. Due to the lack of proper distribution of funds for health sector by the government, people are unable to get modern medicine and the proper treatment in our country. More than one fourth (25.16%) of population of Nepal is serving in level of poverty that is why people can not afford the cost of medicine. Nowadays people are much more concerned about their health so they are looking fastest and better cure and prevention of diseases due to the fast place of life. Thus medicine becomes the most important, vital and essential component of the human beings.

2.4 An Overview of Pharmaceutical Company in Nepal

Pharmaceutical industry in Nepal has the history dating back to the Sugauli Treaty. After the treaty British missionaries started coming to the country. With them came the modern day medicine. Before that, ancient system of medicine was in practice. After then came the establishment of the Bir Hospital, which further made the necessity for the modern day medicine. To fulfill the demand, the medicines were imported from outside the country. Later few industries came in to existence. But most of them failed. In government, Royal Drug Research Laboratories came up with the pilot plant for manufacturing of allopathic

medicines. In private sector, Chemi Drug came into existence. Later more industries came up and at present there are more than 45 industries registered with the government authority. The pharmaceutical industry in Nepal is therefore in the growing phase. The market share of domestic industries is about 36% and increasing by day passes.

The manufacturing of medicines in Nepal was started about 40 years back with the support of private and government imitation but the progress of pharmaceutical industries in our country was rapid during the last 15 years. Only about 40% of the total demand of the country was met by local or domestic production. The histories of the development of Nepalese pharmaceutical industry in Nepal, five sections were established under the department of medicinal plant in the Ministry of Forest in 1964 A.D. Then Nepal is adopting WHO guided GMP for pharmaceutical drugs industries and similarly this requirement was implemented by all National pharmaceutical industries for drug production. For the improvement and development of pharmaceutical company, APPON (Association of Pharmaceutical Producers of Nepal) was established in the year 1990 A.D. by the pharmaceutical entrepreneurs with the view to facilitate, enhance and improve the service of the pharmaceutical companies to co-operate with different government bodies, medical fraternity and pharmaceutical business houses. Today, it has 45 pharmaceutical companies as its members, who govern the 40% of Nepalese pharmaceutical market share, 50% of which are certified with WHO-GMP and others in process of it. APPON from the day of its establishment is driving towards the destination to produce safe, efficacious and economical products with high quality to serve the health sector of Nepal. To promote the Nepalese pharmaceutical industries in the global market it is also supporting for export. It is also helping the pharmaceutical industries in the technical and

technological advancement which ultimately aid for the development of Health segment of Nepal.

The growth of pharmaceutical industries in Nepal can compliment to the national economy by the means of economical value addition as well as by means of generating more employment opportunities to the highly qualified technical people. As the present scenario, more than 60% of total medicine demand is fulfilled by import from SAARCE countries and third world countries. So, it is imperative for the industry and medical professionals to work towards sustainable development of drugs manufacturing within the nation. It has become essential to reduce the multiplication of similar and confusing brands names and also to reduce the proliferation of small to large scale industries from neighboring countries especially from India for proper quality monitoring of the products.

2.5 Pharmaceutical Marketing in Nepal

Nepal is fast emerging market. Total market size Pharmaceutical products today stand around 18 billion. There are around more than 45 companies operating nation wise and producing medicines in Nepal. More than 4000 brands of medicine is available in Nepalese market which are either local brands, Indian brands or brands which are imported from other country and sold in Nepalese market.

The market of pharmaceutical is growing fast. According to the Nepalese Authority like DDA or Drugs Manufacturing Association, Market is around 18 billion with Nepalese company dominating with 40% and other are dominated by Indian\MMC companies. It is prescription based market often infused by Retailers. There are around 45 companies where Royal Drug Ltd. was the first Nepalese company to start their operation in 1972. Here are a number of

similar and confusing brands sprouting like mushroom day to day. It is very essential to reduce this type of problem by the authorized body. The main challenge that has to control is the quality of medicine products in Nepalese market. We have the good environment for new investment into pharmaceutical industries due to the low cost of manpower, availability of raw materials, availability of natural herbals ingredients and a huge market size.

2.6 The Review of the Related Studies

In this section an attempt is made to review of previous studies on Pharmaceutical status and its marketing with special reference to Nepal. A study on the present status DJPL, a leading domestic pharmaceutical industry and its marketing strategy must be a new kind of research area carried out by author.

There was no plan and policy regarding the establishment of Pharmaceutical industry in Nepal till 1950s. For the first time the a revised plan was introduced in 1961 as per British expert recommendation who visited Nepal in 1957. He was a pharmacist and employed for the first time, published a drafted master plan for pharmaceutical Industry. In this plan he had recommended to establish pharmaceutical industry under department of medicinal plant in ministry of forest. Later on the British expert recommended that Nepalese pharmaceutical sector had started growing at a faster pace. After that National Drug Limited was established in 1972 and it started to publish the plans and policies for the production and marketing of some medicine. Drug Act, 2035 B.S. enacted as law and published in Nepal Gazette of Kartik 8, 2035 B.S. i.e. 29 years back which open a new horizon encouraging environment for pharmaceutical industries from government side.

After a long time, finally Government of Nepal decided to publish National Drug policy, 1995 to maintain, safeguard and promote the health of people by making

self-reliant in drug production, ensuring the availability of safe, effective, standard and quality drug at affordable price in quantities sufficient to cover the need of every corner of the country and manage effectively all the dry related activities including production, import, export, storage, sale, supply and distribution of medicine.

Shrestha (2002), there was a study done on "*The Attitude Among Medical Practitioners or Doctors Towards National Pharmaceutical Industries*". This is an attempt to bring into light, the problems and challenges faced by a leading Pharmaceutical Industries based in Nepal striving to achieve perfection producing quality drugs. This study tried to emphasize to present the actual condition of the domestic pharmaceutical industry somehow. It is observed from the previous study in this area that there was a vast gap between the target market share and the actual market share.

There was only 3% market share of Nepalese drug in fiscal year 2050/51; while in fiscal year 2059/2060 this share has increased up to 27% within a decade. Through the market share of domestic industries has gone up in terms of quality as well as percentage of total sales.

Pakwan (2005), there was a study done about the "*Pharmaceuticals Industries in Nepal*" consideration of the fact that Nepal is still importing 75% of drugs. Only 25% of the total drug demand was supplied by domestic pharmaceutical industries but there was a commitment of providing 80% of essential drugs in country by 2005, but only nearly 40% of the drug demand can be fulfilled by national pharmaceutical industries till now. Some of the burning issues highlighted in this study were the quality production of drugs, availability of confusing brands and substandard products of doubtful or poor-quality drugs in Nepalese marker;

dominance of imported drugs from open border, unethical marketing practices as pushing strategy of attractive bonus package, gift and benefits to the chemists and doctors through medical representatives as bribe.

Chalise (2008), in her study” *Nepali Pharmaceutical Industry needs Medication*” has presented that the government ministers included drug industry as a priority sector but even after a decade, domestic industries feel that they are not getting enough attention from the government. In his study, she has presented that Drug policy 1995 need to be updated because in 1990, when the national drug policy was formulated, there were only a few pharmaceutical industries in Nepal but at present there are more than two-dozen domestic pharma industries that are operational. It is not strange that they want more government support today, and she suggested that Nepal needs to treat imported medicines in a similar fashion as Nepalese pharmaceutical exports receive in neighboring countries, is the general demand from the domestic players. In her thesis, she added that Nepalese government needs to start economic diplomacy to promote the domestic pharma industry abroad with modern technology in place; the Nepalese pharmaceutical sector is capable in producing quality drugs. Nepalese pharmaceutical industries can export and compete with others, if government gives a little support towards pharmaceutical companies of Nepal.

Shrivastava (2011), in his thesis entitled ”*Nepal-New Emerging Pharma Market*” has presented the effectiveness of pharma marketing in Nepal. In his study, to determine the objective of research, he had conducted a field survey. He has found that Nepal is fast emerging market. At that time total market size was around 5 billion. There were around 350 companies and market had around 4000 brands, which are either local brands, Indian brands, or brands which are imported and sold. This market has growing fast. With more professional approach it could give

rich dividend to Indian companies. Moreover, their operation in Nepal could give gateway to other SARCE countries like Bangladesh, Bhutan, or even China due to proximity, low cost of manufacturing and distribution logistics. It is heartening to know, during the recent visit to Nepal at the invitation of number one pharma company, NPL, that many Nepali companies are eager to start their operation in India or have joint ventures in Nepal. Hindustan Lever, Dabar have done a good job in Nepal and got immense benefits from such venture. Major findings of his study are:

-) Market size was around Rs 600 crores with Nepali companies dominating with 35% and others are dominated by Indian/MNC companies.10-15% is institution business.
-) There were around 37 Nepalese companies and Royal Drug Ltd. was the first Nepali company to start their business in 1972. There is no bulk drug units and raw materials are imported from India/China.
-) There was Less Degree Competition at that time. Competitions with professional skills are missing. Due to the lack of unskilled field force a determined company with good strategy and skilled field force can make a difference in Nepali market. There is need to adopt more marketing tools to become more aggressive in the market. These should generate good productivity.
-) Man power cost is low in Nepal. Therefore, training and proper input utilization should help the company to shorten the period of break even point, achieve and improve ROI in shorter duration and generate higher productivity.
-) Cost of raw materials and natural herbal ingredients is very low and can easily available. China being nearer and abundance of natural resources offer a great opportunity for Indian Company to manufacturer the product and

export to China, India, and Bangladesh. Low cost of manufacturing can give a marketing edge.

- J) There is low investment on area coverage through are spread over all the important cities of Nepal, however, a field force of 30-50 should be sufficient to cover entire Nepal. Thus, 3-5 managers with a team of 6-7 medical representatives under him should be sufficient to get maximum returns.

However, this study is many focused not only to make our country self-sufficient on essential drugs by focusing on the market of the leading domestic pharmaceutical industry in Nepal but also to explore future potential for export promotion.

2.7 Research Gap

There is gap between the present research and the previous researches. In the previous researches, most of the study was based on the trade aspects of pharmaceutical products rather than marketing aspects. The findings of the previous researches were mostly based on the secondary data. Most of the previous researches did not disclose what kind of marketing strategies should be implemented in Nepalese Pharmaceutical industries. Thus to fill up those gap the current research is conducted.

This research is survey type of research. It is based on the primary sources of data. It examines the view of Pharmaceutical producers about the marketing strategies competitive situation of Nepalese pharmaceutical industries, implementing condition of marketing strategies by the industry. Probably this might be the first research study carried on this topic regarding Nepalese Pharmaceuticals Industry.

CHAPTER- III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the most important aspect of the research work which is a way to solving the research problem systematically. It refers to the various sequential steps that are adopted by the researcher during the course of studying the problem with certain objectives. Reliable and relevant study can be made possible only by applying scientific method. Hence the primary purpose of this chapter is to discuss and design the framework for the research. So the chapter deals with data analysis tools, research instruments, data presentation methods and techniques.

3.2 Research Design

The research design adopted in this study is basically descriptive based on the analytical as well as the fact findings approaches .The study has been completed mainly with the help of both primary and secondary data, where primary data is collected through fieldwork containing interview and questionnaire with different Consumers, Producers and Doctors. Secondary data are collected from different department of Nepal Government, Centre Bureau of Statistics and other related fields, articles, books and other relevant reports related with the subject matter.

The study is closely related with the Deurali - Janata Pharmaceutical Pvt. Ltd. and its various Department as well as the related authorities. The analytical method is used for the he information as well as the presentation of the data and the research also deals with quantities aspects of the related concern. All the authorized persons related in this research were interviewed and there perception and opinion about he present condition of Nepalese Pharmaceuticals Industries

and DJPL current scenario and marketing activities were collected and later used while preparing recommendations. All the information was analyzed and presented descriptive way and the result is described logically for which here is followed some general steps: Formations of the main objectives of research study, Defining the Selected sampling and the population, Designation of the process of data collection method, Analysis and interpretations of the data and Finding the actual facts.

3.3 Defining the Population and Selecting a Sample

3.3.1 Selecting of Pharmaceutical Industries

According to the Department of Drug Administration (DDA), there are 45 national pharmaceuticals industries which are producing modern medicine in Nepal. The selection of the industry is certainly Pharmaceutical s industries. Today here are 45 Nepalese companies operated along with more than 201 foreign companies and they are offering more than 7299 brands now in Nepalese market. With an annual projected growth rate is around 19%, pharmaceutical sector is probably one of the fastest growing industries in Nepal. The domestic sector at present claims five billion rupees worth of market, which is around 40 %.

The foreign companies occupy almost 60 %of the drug market. So these domestic pharmaceutical industries are not being able to fulfill the national requirement of the medicines due to the some problems and certain constraints.

Today, many consumers are still depending on the foreign pharmaceutical industries product. It is the serious problem because it is a matter of great loss for all domestic pharmaceutical industries. Thus the current situation of Nepalese pharmaceutical is not satisfactory due to the lack of proper care by the government

and the lack of effective management skills as well as the lack of good communication for its marketing. Entrepreneurs are not able to get knowledge of optimum use of natural resources which is full in our county and inability to maintain the quality drugs as per WHO GMP standards. I would like to recommend that those pharmaceutical industries which are not able to get WHO GMP standards, they must be closed and government should create a good environment for those entrepreneurs who are willing to do better in these fields. Government should encourage the leading pharmaceutical industries that have bright future potential in Nepalese market as well as for import substitution and for export promotion of drugs. Nepalese pharmaceutical industries have to make the clear vision for the effective marketing for medicines in both domestic and foreign market also.

3.3.2 Selecting of the Firms and Organizations

The research is totally based on DJPL current status because it is one of the leading manufacturing enterprise as well as the well established pharmaceutical industries which known as one of fastest growing enterprise in the nation. DJPL is a pharmaceutical industry of the nation that is operating from private sector which has technical collaboration with RENATA Limited, Bangladesh. It produces different medicines according to the WHO GMP standards for which it imported latest technology for manufacturing and quality assurances as well as to develop technologically advanced facilities.

DJPL is chosen for research because it embraces leading edge technology in quality production. It strives to be the most credible knowledge based technology driven pharmaceutical company dedicated to provide the best quality medicine to the patients with a prominent market share in the domestic and export market. Hence the industry is chosen for the research study purely on the discretion of the

author as judgmental sample or purposive sample to fulfill specific objectives stated on the research.

3.4 Designing the Method of Data Collection

3.4.1 Sources of Data

The present study has been completed mainly with the help of primary and secondary data. The Primary data are collected through the fieldwork containing interviews and questionnaire with different consumers of medicines, producers of drugs and doctors and medicine professionals.

The primary sources of data are gathered by discussing various matters with the related management, dealers and the medical personnel. Some of the primary data is collected from importers, hospitals, NGO\INGOs, Department of Drug Administration, Ministry of Health and other government institutions. For the purpose of primary data collection, field survey was conducted in November\December 2012. The tools which are used for the collection of primary data are Observations, Interviews, and Questionnaire methods.

The main sources of the Secondary data are from DJPL Company Profile, Different articles related to Pharmaceuticals Industries, Books, and other relevant reports related with Drugs. The lists of books, lists of articles from periodicals and list of official publications are found useful in the preparations of the study. The present study is based on the analysis of these data available from DJPL.

3.4.2 Data Collection Techniques

Data are collected from different techniques. Participative and None participate observation technique was used While collecting primary data. Similarly in interviews cases there ware taken personal, home, telephone and group interviews.

Questionnaires were based on mailing technique but for secondary data collection, the data is gathered from industry mostly. The main sources of secondary data can be mentioned as from industry profiles, souvenirs, drug bulletin. Different journals, reports and other publications are considered as secondary data for the research. The past experience and the future plan of marketing management of the related industry was asked to management for the study and the secondary data are explained with lots of references of the marketing conditions of the industry and the analysis ere done very logically. Thus there were several scientific technique used to fulfill the requirement of the study in the field.

3.5 Presentation and Analysis of Data

The information received is described in the study. For this study facts, views and opinions of the experts as medical practitioners, medical representatives, chemists and consumers accumulated by primary and secondary data sources are analyzed and interpreted. The choice of sample selection is entirely based on the discretion or judgment of the author. Sampling is purposive or judgmental used unabashedly for the fact-finding and interpreting valid and proper conclusion. Thus the raw data are collected by opinion, survey, and interview and questionnaire survey. The raw data are tabulated, processed, categorized which are intermediate stage between data collection and data analysis or interpretation. Since the number of respondents is small size.

Data analysis is done by objective research technique for inferring the characteristics, causes and effect communication. Analysis is done as research technique for systematic, objective and qualitative descriptions of contents of research produced through interviews, questioners, schedules and other linguistic expressions, written or oral that is categorizations of data into different categories.

Thus the raw data are treated in systematic and scientific manner to make a body of knowledge.

3.6 Limitation of the Methodology

The main area of the study is limited to the marketing of Deurali-Janata Pharmaceutical Pvt. Ltd, producers, medical practitioners, chemists, druggists, importers and dealers only. Others limitation of the methodology can be presented as follows:

-) The whole study is based on primary and secondary sources of data as expert opinion, published data, journals, seminars, souvenirs, books, encyclopedia, pharma copies.
-) The study covers past and present sate of pharmaceutical producer's problem in Nepal. The historical data collected can not be extrapolated due to ever changing or dynamic socio-political factors, which is assumed as uncontrollable variable.
-) Since the marketing research is done within short period. Most of statistical data used in this study are taken from CBS.
-) This is basically an analytical study focused on certain aspects of pharmaceutical industries of Nepal.
-) The study is done for the fulfillment for MBS degree in management. It may not be a comprehensive study because of time constraint.

CHAPTER- IV

DATA PRESENTATION AND ANALYSIS

4.1 Present Status of Pharmaceutical Market in Nepal

The present market of Nepal is invaded by a large numbers of doubtful and spurious drugs due to our open boarder with Indian states of Bihar and U.P; where more than 50% of spurious drugs for Indian markets is believed to be produced. Due to poor quality control infrastructure of our government agencies and inefficient monitoring system, such practices are continuously been going on without much notice in our market. Nepal's pharmaceutical expense is at par with other South Asian Countries, in 2008, the total per capita pharmaceutical expense was US\$ 6.96 while the total amount of pharmaceutical expenses stood at Rs. 13.09 billion in Nepal. Association of Pharmaceutical Producers of Nepal (APPON) says Nepali companies are growing at around 15-20 percent annually. The growth has resulted in around 40 percent commend of the market by Nepali products with strong presence and distribution networks of marketers in the rural and remote areas. Nepal experienced significant growth in medicine production in Asia when the growth rate was 11 percent globally in the year 2009. Nepal obtained annual growth rate of pharmaceutical products at 19.52 percent even ahead of India who saw 13 percent growth during the same time.

The total turnover of Nepali companies was approximately 5 billion where the company registering lowest sales turnover was 20 million and the highest at about Rs 600 million. The World Health Organization's report 'The World Medicines Situations 2004' listed Nepal among 84 countries that produced pharmaceutical finished products from imported ingredients whereas India was categorized among seventeen countries that had innovative capacity, that Nepali companies are capable of producing some of the segments out of big variants of

medicinal products. Nepalese pharmaceutical industries have the potential of increasing the market share at a fast pace. Most of the Nepali allopathic medicines are of oral dosages forms of tablets, capsules, liquid, syrup, powder for oral suspension while topical preparation like cream, ointment and lotion are also produced. If vaccines, contraceptives, ARV (Anti Retroviral), large volume drugs and few others are excluded, Nepali companies tend to acquire big market share. Medicines can be imported like other goods from the global market. When the market is dictated by the Nepali industries, the foreign companies that cannot compete will automatically exit. Demand of allopathic medicines is high in Nepal. There are altogether 45 Nepali companies operating in Nepalese market with 4,677 brands and thousands of products. Public expense on pharmaceuticals was increasing day by day. The size of Nepali medicine market is estimated at up to Rs.18 billion at present and Nepali companies command around 40 % market share. Manufacturing of oral antimicrobials like penicillin, B-Lactam, Non-penicillin, antifungal, anthelmintic and antiviral (Simplex) is common while some are engaged in producing non-steroid pain killers, nutritional supplements, enzymes, haematinics, oral steroids, cardiovascular heart and blood pressure), diabetes, psychiatry (mental disorder) etc.

4.2 Comparative Study of Local and Foreign Companies

The following chart present current market mix of pharmaceutical market in Nepal

Table 4.1

Comparative Study of Local and Foreign Companies

Description	Local Component	Foreign Component	% of Local
No. of Companies Operating in Nepal	45	243	15.6
Annual Sales Amount	5 Billion	13 Billion	27.8
Employment Generation	13,000	3328	79.6

Source: DDA

From the comparative study of above table, it is seen that in present context there are 45 Nepalese pharmaceutical companies producing medicine in Nepal whereas a large number i.e. 243 foreign companies operating their activities in Nepal. It is clear that the existing local component is producing about 13000 employment opportunities i.e. 79.6% whereas a large share i.e. foreign component is generating only 3328 employment opportunity. In the case of Annual sales, foreign companies have bigger amount i.e.13 billion sales markets but Nepali companies have only 5 billion sales markets in Nepal. This data suggest that local component needs huge investment in order to solve the present unemployment problem in our country. The pharmaceutical industries needs a lot of attention at present context as it has been slowly but surely consolidating as asserting itself in the domestic market.

4.3 Market Situation of Pharmaceutical Products in Nepal

The comparative figures of population versus brands available at some of the markets vis-a-vis Nepalese markets are listed below:

Table 4.2

Comparative Situation of Pharmaceutical Products in Nepal

Country	Population	Registered Companies	Registered Brands
India	1.22 Billion	270	2, 50,000
Bangladesh	150.5 Million	49	12,500
Japan	127 Million	245	47,000
Pakistan	187 Million	419	9,500
Nepal	26.62 Million	45	4,677

Source: DDA

The above tables show that Nepalese market is one of the highest per capita brand available markets amongst all known markets. It presents market mix of pharmaceutical market of Nepal as well as the Neighbor countries such as India,

Bangladesh, Pakistan and the developed country Japan. The comparative study of the above table shows that the registered brand availability in Nepal is nearly three times lower to Bangladesh and two times lower than Japan. India one of the highly populated countries of the world, in terms of availability of brands of pharmaceutical products is highest in rank. Number of operating registered pharmaceutical companies in Nepal is exceptionally lower in comparison to the number of registered companies operating in other South Asian countries except Bangladesh. In order to enhance the production of pharmaceutical products in our country, the improvement of physical infrastructures and production technology of existing industries is an essential component to be considered with long term perspective. Whereas the improvement of quality of locally produced drugs should also be the immediate priority. It will be relevant to understand some of the major constraints of Nepalese pharmaceutical industries.

4.4 Comparative Study of Local and Foreign Companies' Contribution on Their Country

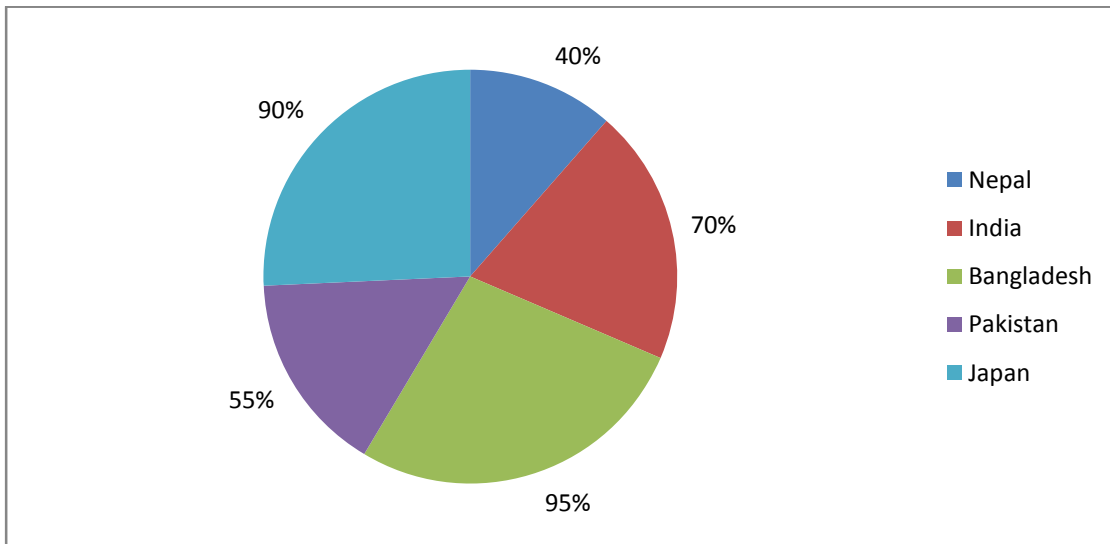
At present, there are 45 national pharmaceuticals industries registered with the Department of Drug Administration (DDA) of Nepal with an investment of more than 8 Billion. The local industries contribute 40% of total domestic market. Nepal still depends on imports to fulfill more than 60 %of the total national drug requirement. Our domestic market is growing fast.

Table 4.3
Contribution Percentage of Domestic Industries

Country	Contribution %
Nepal	40%
India	70%
Bangladesh	95%
Pakistan	55%
Japan	90%

Source: DDA

Figure 4.1
Comparative Study of Local and Foreign Companies' Contribution %



Source: DDA

The overall market for pharmaceutical product is growing by around 13% annually. But Bangladesh produce nearly 95% of total medicine demanded from their people. It only imports 5% of medicines from foreign countries. Japanese pharmaceutical companies also fulfill nearly 90% of the requirement of domestic medicines. The figure of pharmaceutical industries in Nepal, India and Pakistan show low contribution in comparison to the Japan and Bangladesh's companies.

4.5 Imports of Foreign Drugs for Last Three Years in Nepal

Pharmaceutical market in Nepal consists of local and foreign companies. Out of which foreign companies are dominant position. At the present scenario about 60% of total demand is met by import foreign drugs and hence it is high time to work for the development of drug manufacturing with in the nation. The table below shows the import value of drugs for last three years of Nepal. However, the most disturbing agenda hindering the growth of indigenous production is the

advantage given the import of drugs from foreign countries in comparison to the production and export of national products.

Table 4.4

Imports of Foreign Drugs for Last Three Years in Nepal

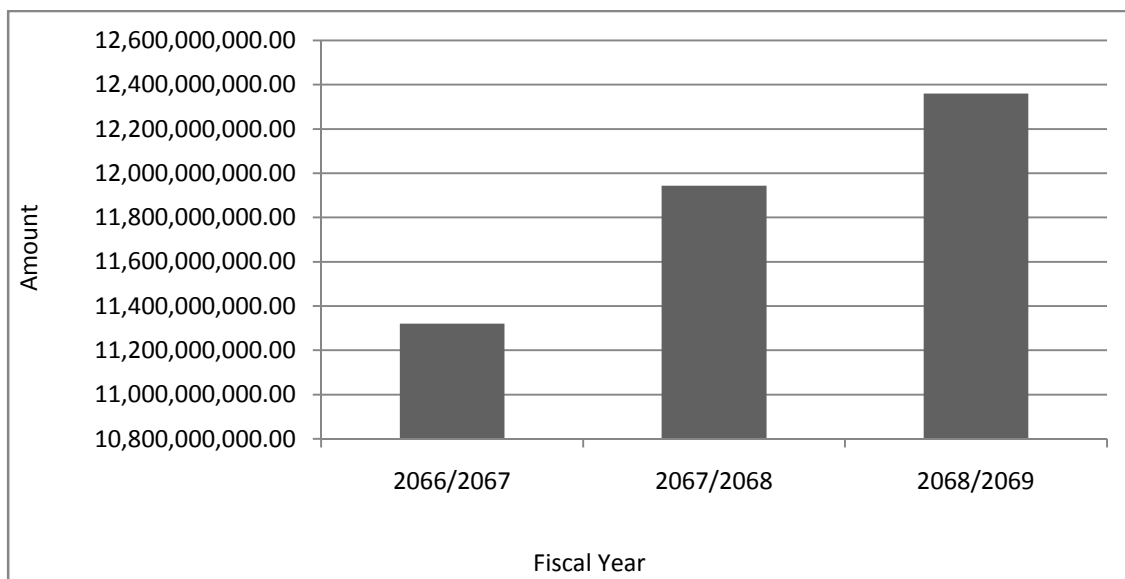
Fiscal Year	Amount (Nrs.)	Increase/Decrease%
2066/2067	11,32,08,00,000	–
2067/2068	11,94,32,00,000	5.5% Increase
2068/2069	12,35,95,00,000	3.5% Increase

Source: DDA

It may be noted that drugs are imported with customs duties whereas the duties national industries pays too many of the inputs is higher than the one paid by finished products. This is most discouraging factor for the national industries.

Figure 4.2

Imports Trend of Foreign Drugs for Last Three Years in Nepal



As we can see from the above table and line graph, the import value from foreign country in increasing trend year after year but the Percentage of importing drugs in decreasing trend that is 5.5% in 2066/67 and 3.5% in 2067/68, which is mark able

and it is definitely a good sign for upcoming years in pharmaceutical sectors. Government should raised strict step in order to discourage such import to protect national pharmaceutical industries by imports of those drugs which can be manufactured economically inside the country.

4.6 Brief Introduction of DJPL

Deurali-Janata Pharmaceutical was established in 1989 and it started to produce medicine from 1991. It purchased the technology in 2052 BS DJPL got ISO-9001 and ISO-14001 in 2060 BS. WHO GMP certificate was got in 2061 BS. Now it has invested around Rs. 64,15,00,000 to the whole assets where current assets is around Rs. 26,58,00,000 and Fixed assets is around Rs. 37,57,00,000. It has operated more than 10 branches office in the different places of the nation. DJPL has its own network in all five development regions of Nepal to process its operation. Corporate office is situating in Hattisar in Kathmandu and other offices are located in different development region like Birjung, Janakpur, Biratnagar, Pokhara, Butwal, Nepalgunj, Dhangadi.

4.6.1 Production of DJPL

DJPL is one of leading company of the nation which is providing the highest quality products and services in the pharmaceutical sector. It is established to produce and sale better quality drugs as per international standards to its customers in are reasonable price through knowledge based state-of-art technological excellence. DJPL accords highest emphasis on the quality products. It is contributing to the development of national economy. While producing product it preserves the environment by implementing EMS (Environment Management System) and it is adopted and validated its products to meet with WHO GMP guidelines. DJPL always promote creativity, innovations and motivation to the employee through good work environment and better knowledge

and skill. It always creates opportunity to use the innovative ideas of people to expand the product profile and market profile. DJPL is being managed by professional competent people qualified in their respective field at various departments, having the required technical and professional's skills. The overall production management of the organization is having experience of successfully managing the enterprise for more than two decade.

DJPL also operates full-fledged microbiological testing facilities which in line with international standards.GMP guidelines are strictly followed by DJPL while producing medicines. Under GMP all manufacturing process are clearly defined, reviewed and written in clear and unambiguous language. According to GMP all necessary facilities are provided such as qualified and trained personnel, personal training, adequate premises and spaces, suitable equipment and services, correct materials, containers and labels, approved procedures and instruments, suitable storage and transportation. Hence, all manufacturing in pharmaceutical industry must be accomplished in compliance with the GMP regulations and it is practices by DJPL which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and required by marketing authorization.

4.6.2 Employment Generation of DJPL in Current Market

The figure displays the employment creation from the establishment of DJPL. From the below table, there is altogether 325 employee working in DJPL. It seems that local domestic pharmaceutical industry DJPL is producing about 325 employment opportunity.

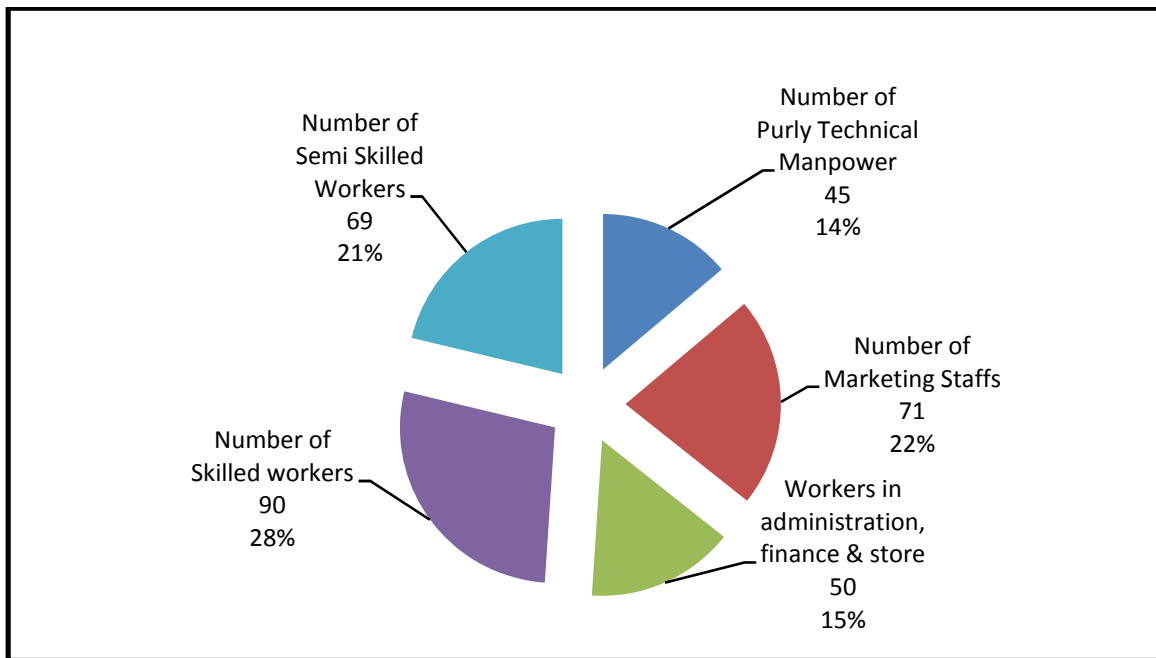
Table 4.5
Number of Workers in DJPL

Types of Worker	Number of Workers	%
Purely Technical Manpower	45	14%
Marketing Field	71	22%
Administration, Store & Finance	50	15%
Skilled Worker	90	28%
Semi Skilled Worker	69	21%

Source: DJPL

The figure shows the categories of the employee from different sectors. Skilled employees are the highest rank among the other field presented and which covers 28% of the total numbers of employees in DJPL. Number of workers employed in the field of technical side and administration are nearly equal. In the case of semi-skilled and marketing side of DJPL have nearly equally number of staff having 21 and 22 percent.

Figure 4.3
Number of Workers of Different Sector in DJPL



Hence, DJPL is contributing a huge opportunity for employment creation in the nation which can be very remarkable aspect for the betterment economy of the Nepal.

4.6.3 Capacity Utilization and Production Capacity of DJPL

There are three phases of the production process of DJPL. First of all, there is input strategy. There are two parts in input strategy. First, the raw materials are collected or produced from local sources as domestic raw materials. The next one is import of raw materials from abroad directly or through the agents and distributors. Second phase is processing of raw materials. There are most advanced technology plants in DJPL which are latest for this purpose. Processing is conditioned system, micro biologically processing plants; the plant area is covered of huge area. Quality assurance department is fully self checking having relevant sophisticated instruments along with trained personnel to ensure quality assurance in company to the quality standards of international companies. DJPL also operates a full fledged micro biological testing facility which is unlike with international standard. It has adopted environmental friendly cleanliness. Production technology at heir plant is implementing environment management system i.e. EMS. The installed, utilized and idle capacity of DJPL is as follows:

**Table 4.6
Capacity Utilization and Production Capacity of DJPL**

Description	Installed Capacity	Utilized Capacity	Idle Capacity
Liquid	1,00,000 L/shift	45,000 L/shift	55,000 L/shift
Tablets	10 Core pieces/shift	4.5 Core/shift	5.5 Core/shift
Capsules	7.20 Core/shift	3.24 Core/shift	3.96 Core/shift
Dry Powders	3,00,000 Kg/shift	1,35,000 Kg/shift	1,65,000Kg/shift
Ointments	9 Core tube/shift	4.5 Coretube/shift	5.5 Coretube/shift

Source: DJPL

The annual production installed capacity per shift of DJPL is utilized up to 45% till now. The rest or idle 55% capacity may be utilized or increase production as per present market situation. There are all together 170 types of medicines presently producing from DJPL. The final phase is the output of the product. The production is in comparable with foreign drugs in terms of quality. There is quality control checking unit in the plant for running product. DJPL is quite capable of producing export quality products and export them especially in South East Asian Countries.

4.7 Marketing Mix of DJPL

Marketing Management is generally acknowledged to be the backbone of marketing. The ultimate objective of marketing is to influence the consumers of the target market to get sales order. The sales force or medical representatives serves as a company's personal link to consumers that is medical practitioners who prescribes drugs, chemist and druggist and the ultimate consumer or patients. Marketing stress the importance of satisfying customer needs and wants through a process of exchange. Marketing and selling are directly related to each other.

Sales management plays an important role in marketing, especially for firms in business to business markets. Personal selling is the most frequently used promotional technique in business markets and management of the sales force in an important strategy. One is the consumer market or the prescription market which consist of individuals and households that go to a practicing doctor for the treatment of their ailments. The other is the institutional market that is made-up of large hospitals in the public and private sectors that buy the products for the distribution among their employees and the government hospitals including medical college hospitals that provide free treatment to the poor. The third one is the industrial market which comprises the bulk drugs that are used in the formulations. The term "consumer" means the patient or the final consumer or

end-user that is not necessarily the customer. In pharmaceutical marketing it is the “Doctor” who acts as the agent or influencer on behalf of the eventual consumer or end user i.e. the patient suffering from a particular ailment. The marketer therefore should clearly understand the need of the patients or end user and the wants of doctors in order to market his products and services effectively in the pharmaceutical market. Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others. Marketers use numerous tools to elicit desired responses from their target markets. These tools constitute a marketing mix.

Marketing mix is a set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Generally these tools are classified into four groups that the four P’s of marketing: Product, Price, Place and Promotion. The four P’s represent the sellers view of marketing tools available for influencing buyers. From buyer’s point of view each marketing tools is designed to deliver a customer benefit. Robert Lauterborn suggested that the sellers’ four P’s correspond to the customer’ four C’s Four P’s: Product, Price, Place, and Promotion & Four C’s: Customer solution, Customer cost, Convenience & Communication. Winning companies will be those who can meet customer needs economically and conveniently and with effective communication.

4.7.1 Product Mix

A product is any intangible, tangible offering that might satisfy the needs or aspirations of the customer. A product is not what it is, but what it does to the consumer. People do not buy product, they buy the benefits that the products offer. A person, who buys some “Paracet” a paracetamol tablet, is not buying paracet as such. She /he are buying “relief” from a headache. Thus a product must provide

specific benefits to a large enough number of users, to be perceived as a satisfier. The marketing variables under product are variety, quality, design, feature and brand name, packaging, sizes, services, warranties, returns. Present highly cut throat competitive situation where one has to run as fast as he can, only to say where he is: planning and managing the products becomes all the more important, in fact very crucial for the organizational success.

A) Brand

The brand names give a distinct identity to the product. While a generic product is an undifferentiated product, a brand is the differentiated product. Creating and building up a brand in time is more complex, painstaking process. This is known as branding a product. Brands are not built in a day. It is the communication that makes the brand and gives it the distinct personality. Communication here includes all the internal elements of the marketing mix, popularly known as the four P's product, price, place and promotion. A brand product therefore has the extra plus the promise of the customer satisfaction and customer satisfying benefits.

B) Product Life Cycle

Products are like a people. They gestate, are born, grow, mature, become old and ultimately die. The product's life cycle concept describes the product's life history starting from its birth to death or old age. In fact it is not a cycle but a Span. The Span, popularly called the lifecycle can be dividing into phases for better understanding and study. These phases are Introductory, Growth, maturity and Decline phases. The product life cycle concept is useful because it helps to anticipate future events and prepare the best response to coming changes. Product planning can become more rational with an understanding and appreciation of the PLC concept. It helps to create the valuable lead time for the important strategic

and tactical moves after the product is introduced. The marketing concept is equally applicable to service as well as manufacturing company. Therefore consumer's want and need must be identified and understood first for successful marketing of any product. The market offering must deliver desired benefit and satisfaction to the consumer. In case of drugs, topmost priority is given to quality. Price should be reasonable and affordable for the poor needy patient. The primary factors to be considered are availability at convenient outlet, instant service, effectiveness of drugs and fast relief from the drugs at reasonable price in short duration without any side effects. Design, varieties features branding and packaging are secondary factor. Considering in these facts DJPL has formulated proper product mix strategy. The packaging of DJPL is attractive and comparable to foreign products.

C) Drug Forms

Drugs are given suitable shapes and formulation to make them suitable for administration through specific routes as oral, respiratory routes and injections. They are called drug forms or preparations for obtaining efficacious and beneficial therapeutic response. Different varieties of drugs produces from DJPL, available in market are: Solid: Capsule, Tablets, Powder, Pills /Liquid: Syrup, Solution, Suspension, Drops/ Others: Spray, Gel, Ointments, Lotions and Aerosols.

D) Trade Mark

Trade Mark is also called commercial or proprietary names which are commonly given to drugs by manufacturers and sellers of the said drug preparations. Generally these are simplified spelling or pronunciation of either a generic or approved drugs. Trade name is a trademark applied to the particular formulation of a particular manufacture for e.g. PET for Cyproheptadine Hydrochloride Syrup.

E) Labeling of Drugs

All the products used by human beings are given names or label with some kind of the signs for the product differentiation as promotional effort to differentiate a company's product from competitor's product to establish superiority and permeability drugs are labeled on scientific basis or on the commercial values for the convenience of doctors who prescribe them in daily practice. Labeling of drug is done according to their chemical generic are trade name e.g. Paracetamol, Aspirin and Apet etc. Generally drugs are labeled in the two categories which are:

1) Generic Name

Generic Names are also known as official or approved names, which are more or less simplified chemical names drugs. Generic name is intermediate between chemical and commercial or proprietary or trade names. Since lengthy formula can not be confidently remembered, most of the approved drug has very short chemical names which can be easily remembered.

2) Chemical Name

Chemical name refer to exact chemical structure of a drugs which gives a complete chemical description of the drugs content and the structural formula e.g. Paracetamol for N-acetyl-para-aminophenol.

4.7.2 Pricing Policy

Price is the exchange value of a product or service. It involves both objective and subjective components. Objective factors include demand, supply, costs, competition, and governmental regulations. Subjective factors involve the evaluation of the likely impact of other elements of marketing mix and their possible responses to various pricing strategies.

The price of an executive is a salary, the price of a sales person may be commission and the price of a worker is wage. Income taxes are the price we pay for the privilege of making money. Price has operated as the major determinant of the buyer choice. This is still in case of poorer nations, among poorer groups, and with commodity type product. Price discount and allowances are Cash, Quality, Functional and Seasonal Discount. Price is not constraint for drugs as in other consumer goods.

Price plays an important role in the market because of unhealthy competition in the market with a lot of sub standard brands. This sort of price war severely affects the company because of price sensitive consumers and their ignorance about quality and brands. National companies are facing bottleneck competition with foreign products in market. As quality has its own price and the cost of production is high in DJPL, products has reasonable price as compared to foreign products so far as quality is concerned. DJPL has scope to supply more drugs; so by increasing the volume of production, price of finished product can be reduced further more.

4.7.3 Promotion Strategy

Promotion means, to move forward in its broadest sense. Promotion can be defined as marketing communication that attempts to inform and remind individuals and persuade them to accept, recommend, resell or use a product, service or an idea. There are two major elements in the promotional mix of any organization. They are; Personal Communication, which includes personal selling. In pharmaceutical marketing, personal selling is perhaps the most important element of the promotional mix. The second is Non-Personal Communication, which includes advertising, sales promotion, publicity and public relations.

Promotional activities of DJPL include the effort of nationwide distribution of samples and gifts to medical practitioners, sponsoring of academic activities, such as training, workshop and seminar related to medical sector. Promotion also includes research and development, quality control and assurance. Promotional strategy also impact survey on customers and doctors attitude about company.

4.7.3 Place and Distribution Channel of DJPL Products

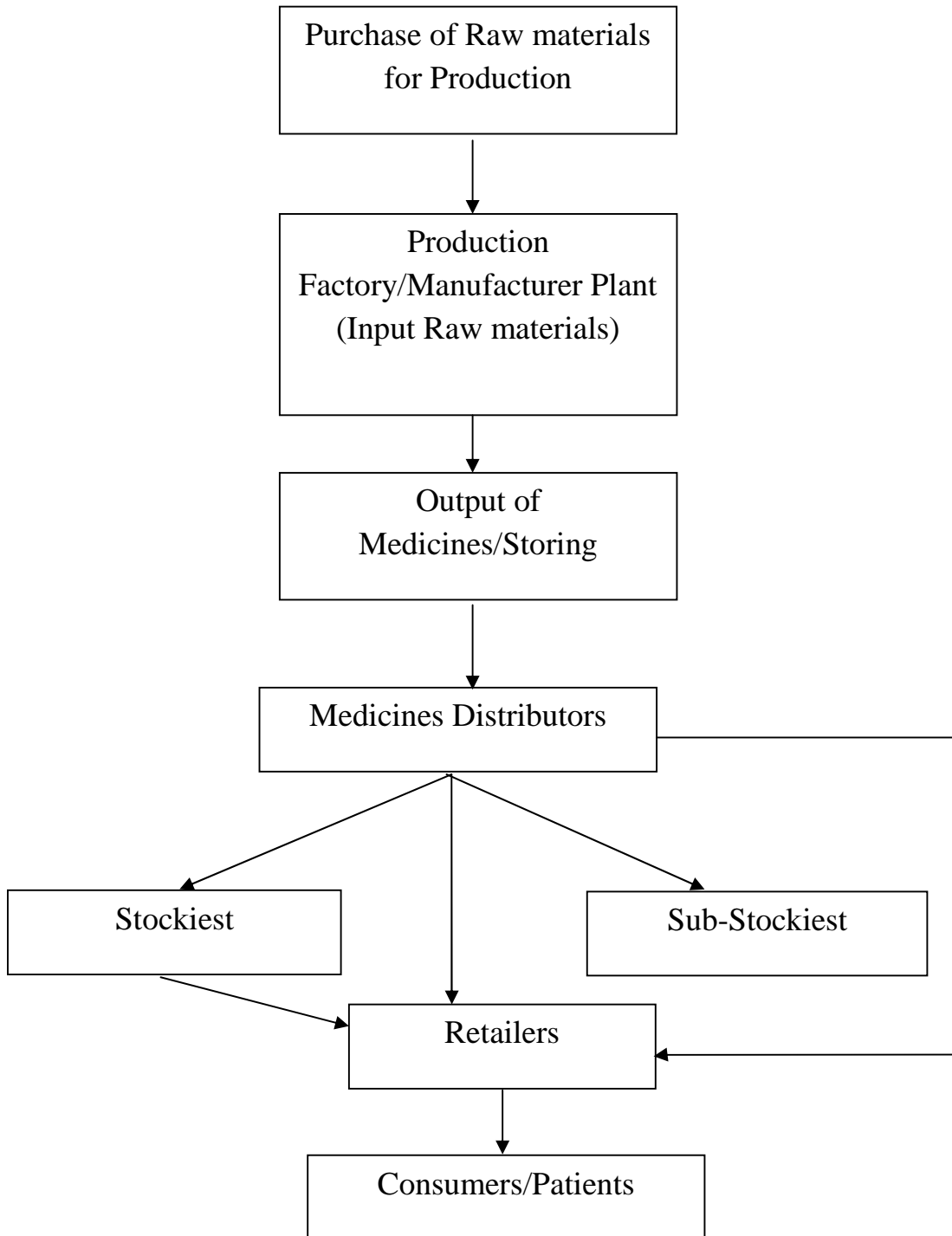
Any drug distribution outlet or shop must have register according to Drug Act and Regulation producers and valid until the ethics defined on drug act. If any shop is found doing any unethical way of sale, it may immediately have to pay the penalty or cancel the authorization depending on the cases. When drug is produced or manufactured in the factory, there must be a way to come out these medicines and drug in market or the medicine shop.

It is known as the distribution channel of medicines which started from the manufacturing company to the customers or patients. Distribution channel helps to reach drugs from one place to other or manufacturer to the consumer. Distribution activity is concerned with the activities involved in transferring goods from producers to final buyers and users. Distribution can be defined as the process whereby goods and services are delivered from the producers to consumers and to organizational buyers where and when the products are needed.

The channel of distribution is the set of institutions which participate in marketing activities undertaken in the movement of goods or services from the point of production to point of consumption. A marketing channel requires at minimum, a seller and a buyer .A typical marketing channel includes, besides buyer and seller, various middlemen.

Figure 4.4

Place and Distribution Channel of DJPL Products



4.8 Marketing Strategy of DJPL

DJPL has categorized its marketing Strategy in two groups which are presented as:

A) National Marketing Strategy

DJPL has a leading presence in the domestic market and acquired a strong reputation, over years, amongst consumers and medical practitioners for quality of branded formulations. Having one of the strongest distribution networks within the country, its products are valuable at most part of the nation. It takes care of interests of customers and gives priority to the customer satisfaction. It is working hard to deliver the best with constant up gradation of product portfolio and has a good market share in the country. It will continue to work towards extending highly satisfactory marketing services to its customers and make the nation delight with the quality standards of the products and services.

The product and services produced by DJPL are finding increasing recognition and acceptance in the national market because of its international character and class of its operation. In future DJPL's marketing strategy would focus to export the products to the South and South-East Asia as well as other developed world markets, depending upon the market opportunities. DJPL is also capable for producing products for various research activities under contract manufacturing. DJPL has its separate e department which is gearing up to explore the opportunities that exist on these markets. DJPL has high aim to reach out and try to provide the best quality medicines in some developed market very fast.

B) Foreign/Export Marketing Strategy

Based on its international temperament and class of operation, DJPL's products and services are finding increasing recognition and acceptance in the international market. Now intends to have the presence in some of developing and developed market in international sector; with the opening up of new market opportunities in

the current global market. DJPL is intending to operate through emerging regional hubs of opportunities in the countries across North America, Europe, Africa, South and South-East Asia and Latin America.

4.9 Problems of Nepalese Pharmaceutical Industries

Like other industries, the pharmaceutical industry has also been hit hard by the perennial power outage, labor problem and scarcity of raw materials. Similarly, as Nepal is the member of WHO, Many international and multinational companies aims to expand their business in our country. They will be creating difficulties for local industries. Since we do not have any favorable policy to promote local industries, capable human resources and adequate raw materials, it is very difficult for us to compete with such big companies. The state's policy is not logical. The government should give priority to Nepalese products. While buying medicines for free distributions also, the state goes for global bid. It could have been done among the Nepalese pharmaceuticals industries, which would help promote their businesses.

For the development of Nepalese Pharmaceutical Industries, Government and other related organization have to scan and know the actual problems related to the Nepalese pharmaceutical industries and they have to find out the proper solution of he actual problem by implemented the different effective plans and policies in this sectors. The main problems which are facing by the National pharmaceuticals Industries can be categories as follows:

1) Variances in Registration

The local company have to pay greater amount for each product and have to show a bunch of documents rather than importuned Companies while registration. That is why Nepal needs to treat imported medicines in a similar fashion as Nepali

pharmaceutical exports receive in neighboring countries”, is the general demand from the domestic players. While Nepal charges \$1,500 as inspection charge from a company from SAARC, India, for example, charges \$5,000. For registration, while Nepal charges \$10, India charges \$150. This clearly shows that Indian domestic companies have a greater protection.

2) Policies for Pharmaceutical Industries

Some of policies related to the Pharmaceutical Industries are outdated and they need to be updated and made more supported to the domestic Industries. But other view is that there is not an effective implementation of policies. These series of practice does not comply with national Drug Policy 1995.

3) Protection of Pharmaceutical Industries

Today’s Main concern in Nepalese Industries is security of the entrepreneur as well as their industry from labor strike, conflicts and other causes of the nation. So pharmaceuticals producers are blaming that the government of Nepal is not providing the effective and sufficient security for those industries which are contributing huge revenue to the government through the producing medicine in Nepal.

4) Check System for the Quality Controls of Drugs

The difference between the laboratory test for Indian raw materials and for others should be made same producers. Customers’ barriers are harming the interest of local entrepreneurs. Government should have a well-equipped body for quality control. The quality is tested once when a foreign company registers its products. Further checking is done every year for specific complaints. This practice should be discouraged; Medicines entering Nepal should be regularly tested at the customs points by the authorities.

5) Tax System

Nepalese companies do not have to pay any taxes but they have to pay VAT on packaging but in India, their companies only have to pay central tax which is very few in amount and local tax if they want to supply their product in local market. This system encourages to export their products in foreign market like Nepal and they are able to get high amount as the bonus to the chemist.

The marketing constraints of pharmaceutical companies of Nepal are well apparent from the facts and figures stated in above. On the one hand, the multiple proliferations of brands is creating serious marketing bottlenecks to indigenous brands, while on the other it is also creating confusion on the minds of prescribers of the country. In many cases such multiplicity of brands drugs is resulting to wrong dispensing of product, which in many cases is highly fatal to the patients. The multiplicity of the brand is one of the factors helping for widespread substitution by the retail pharmacies in various rural as well as urban parts of the country.

On the contrary, the substitution of prescribed drugs in major hospital areas is primarily done for the profit motive. In the given changed context of today's world where the globalization in trade with advancement in technology has accelerated the process of virtual integration of the world markets, the prospects of our pharmaceutical market is becoming seriously vulnerable from the stiff competition of companies from around the world specially from India. In such circumstances, competition with companies from around world will be one of toughest challenges for the local manufacturing industries in Nepal where a sizable market exists for their products. In addition, finding a proper quality of brand to prescribe to the patient will also be a difficult task to the doctors working at various part of the country. In such given circumstances the joint effort, towards minimizing the

problems from the professional community of prescribers and producers will only be the right solution to prevent the catastrophic consequence for the overwhelming presence of doubtful quality products in the market. Manufacturing constraints of Nepalese Pharmaceutical Industries are presented in below:

-) Unfavorable government plan and policies.
-) Non-availability of raw-material and inputs in local markets.
-) Non-availability of manufacturing technology within the country.
-) Poor availability of qualified manpower.
-) No economy of scale advantage due to small market size.
-) Unfavorable duty imposition by the government to the local producer only.
-) Lack of awareness about local market and its potential at policy level.
-) Excessive numbers of brands available in market.
-) Inadequate quality monitoring facilities within the government and no qualitative control.

4.10 Analysis of Primary Data

For this study fact, views and opinion of experts as Medical Practitioners, Medical Representatives, Chemists and Consumers accumulated by Primary and Secondary data sources and analyzed and interpreted. The choice of sample selection is entirely based on the discretion or judgment of the author. Sampling is purposive or judgmental used unbiased for the fact-finding and interpreting valid and proper conclusion. Thus raw data are collected by opinion survey, interview and questionnaire survey. The raw data are tabulated, processed, categorized which are intermediate stage between data collection and data analysis or interpretation. Since the number of respondents are small that is 65 out of which 50 were consumers, 10 were doctors and 5 were procedure, tables made are small so direct tabulation is possible. The answer got from the selected 50 consumers; 34 i. e 68% of total respondent purchase medicine with Doctor's prescription but 44% of

consumers is suggested always by the retailer to purchase for alternative medicine. 72% of total respondents do not like on pushing strategy of drugs to purchase and they want it should be discouraged. 60% of the total consumers ask for alternative drugs when they don't get the prescribed brand of medicine rather to get it from another pharmacy. More than half of the total respondent i.e. 54% do not see price factor of medicine. Only 5 respondents think the cheaper is the better. The 37 respondent out of 50 are conscious about the expiry date of the medicine. 50% of consumers think Nepalese drugs are economical than imported drugs but 20% of them depend upon product category of medicine. 30 respondent out of the total 50, trust the Nepalese Drug rather than Indian and foreign drugs. DJPL placed first position according to the view from the consumers and similarly NPL, SIMCA; HUKUM placed second, third and fourth positions which are trustable pharmaceutical company in Nepal.

The answer got from the selected 10 Doctors, 8 i.e. 80% of total respondents; think that Nepalese drugs are comparable with foreign medicines. 50% of total doctors would prefer to go for Nepalese drugs for patients and 30% would prescribe foreign drugs but 20% of them do not prefer for particular one. More than 50% of the total doctors sure that Nepalese drugs are available in their area is around 50%. 70% percentage of the total respondent doctors often prescribe the medicines of a single brand. 5 doctors out of 10 determining quality factor when they prescribe medicine but 20% of the total doctors counts price while prescribing medicine to the patients. 70% of the total doctors find out that the chemist are substituting the drugs sometimes when they prescribe. 6 out of 10 doctors prescribe a particular brand of drugs according to the continue visit by Medical Representatives. Only 10% of the total doctors prescribe the gifts items of medical brand to the patients. 80% of doctors check drugs that when they prescribe particular drug is WHO GMP certified or not; so the data shows that

maximum numbers of doctors is serious about the quality of drugs. Nearly 70% doctors change their prescribing habit according to the medical representative's visit. In the case of Producers of medicines, More than 50% of the total producers are manufacturing medicines according to the WHO GMP guidelines. Nearly 80% of producers believe that heavy promotion of medicines helps to capture more market share and expand the business. 3 producers out of 5 think that Nepalese companies expecting highest sales by providing limited benefit to prescribers but 2 producers out of 5 think that it depends upon particular company.

60% of the manufacturer says that main reason behind Nepal being a highest brand consuming country due to easy entry from boarder but 40 % believes that it happened due to lack of long term vision for the production of medicines. Doctors never confused by substandard substitutes and those only counts quality according to 3 producers out of 5 while 2 out of 5 goes for the cheaper the better one which is very serious problem. 50% of total producers believes that unhealthy competition affect the company but this is not at all, quality has its own reward. 4 manufacturing company out of 5 are sure that Nepalese pharmaceutical company can fulfill the demand of drugs within the nation severally and if they get good production environment, they can export also. 100% of medicines producers think that restriction should be done on particular drugs on which Nepalese industries has attained self-sufficiency. 80% of producers says that giving gifts to the doctors is apart of ethical marketing and it should be done to promote their business. The recorded data are treated in systematic and scientific manner to make a body of knowledge. Major finding from the recorded data of the study can be presented:

Major Finding

-) Government should provide institutional support to the Nepalese Pharmaceutical industries to compete with the foreign pharmaceutical industries in the global market.

-) The increasing unhealthy competition in the target market may severely hamper domestic pharmaceutical industries. Since the consumer are price sensitive and unaware of the quality and brand, they are being highly exploited by the confusing substandard brands prevalent in the market as a result of inefficient monitoring system and open border.
-) Nepalese pharmaceuticals have come along way in the last few decades. However there is ample scope to fulfill drug demand inside the nation as well as outside the nation provided that they maintain the quality as per WHO GMP standard.
-) The consumer survey indicates that DJPL is the pioneer Nepalese Pharmaceutical Industry in Nepal at the present market scenario.
-) This is the age of marketing, national pharmaceutical companies should use promotional tools more efficiently to motivate and train the medical representatives to impart scientific knowledge to the doctors and present them gift and benefit for their valuable contribution.
-) In present context, When Nepal has got the membership of WTO, the integrated effort from government, NGOs, INGOs, public as well as private sector drug manufactures helps to make our position strong in the target market.
-) It is high time the policies need amendment with the demand of changing time. All the Nepalese pharmaceutical unanimously agreed the fact that Nepalese Pharmaceutical can certainly attain self reliance in the essential drug manufacture.
-) There is lack of long term vision in government policy. In fact, there should be more custom duty imposed on the import of finished foreign drugs while less tax imposed on the import of raw materials in order to support domestic pharmaceutical industries. However, the reality is just opposite.

- J The presence of innumerable substandard brands can hardly confuse professional doctors who are quality conscious. However, there are unethical marketing practices, drug substitution with substandard brands, pushing strategy by some retailers which should be penalized.
- J The study of the response of the producers emphasizes that Nepalese producers are committed to production of quality of drugs as per WHO GMP guidelines. Nepalese doctors are not getting enough motivation in terms of gift and benefit from the national pharmaceutical companies as compared to that offered by the foreign companies.

Doctor's response to the questionnaire prepared, it is observed that the doctors have favorable attitude towards Nepalese drugs as regard quality as per WHO standard. Such practice can not only hamper national drugs industries but also spoil the reputation of the responsible and noble profession. Therefore emphasis should be given to train the medical representatives as well as retailers about the quality products and their effects as they are the ultimate promotional tools. Nepalese consumers are observed to be well aware of the importance of doctors' prescription, rational use of drugs and unethical marketing practices by the retailers such as drug substitution. However, they are observed to be price sensitive and unaware of expiry date. Hence due to the unhealthy competitions in Nepalese market, they are often exploited and manipulated by pushing strategy from the retailers. Some producers were even optimistic about the bright future of the nation by expanding the export to the foreign market. It is needed serious though from the government especially at the present context. Nepal has got WHO membership already in order to reap National income from potential global market by healthy competition in the liberal economy. Hence consumer awareness of the quality, well reputed brand and expiry date is very important for the prosperity of the Nepalese pharmaceutical industry.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

As the health is the most important part of our life and medicines are very sensitive issue. Quality should not be compromised at any cost. So, it is high time Nepal produce its own drugs as per WHO GMP standard in technical collaboration with foreign countries. DJPL provides a very good example in this context. Government should take serious steps in the protection of domestic industries by imposing quantitative restrictions on import of foreign drugs, reconstructions and development of domestic industries expanding domestic market for the domestic manufacturer by protecting them from the external competition.

At present, there are 45 national pharmaceuticals industries registered with the Department of Drug Administration (DDA) of Nepal with an investment of more than 8 Billion. The local industries contribute 40% of total domestic market, which accounts for almost Rs.5 Billion. The overall market for pharmaceutical product is growing by around 13% annually. However, competition among the producers is very intense, and that has depressed the rate of return for the companies.

It is very necessary to understand the potential of the growth of indigenous pharmaceutical industries for self reliance in essential drugs and export to other countries. It is high time the government should update the policies accordingly and support and improve existing pharmaceutical industries in Nepal providing them institutional support. The main summary of the research are that consumers think here is unethical marketing practice exist. Consumers are aware about ill practice. Among the consumers; there is brand awareness. Consumers are much more pricing sensitive but some of them are unaware about expiry date of

medicine. Nepalese drugs add a huge amount in the case of Nepalese economy and Nepalese drugs are trustworthy.

Doctor's believes that Nepalese drugs have good response. Among the consumers, Nepalese drugs have positive attitude. Nepalese drugs are easy availability in the target market. Doctors have good brand awareness about the medicines and they are also quality consciousness. Medical representatives have important role in marketing of medicines and it is consider as the one of most important promotional tool.

Producers are improving the standard of Nepalese drugs. They believe that there is inadequate motivation to the doctors except from DJPL and ineffective monitoring and policies are responsible for unhealthy competitions. Nepalese producers are committed to provide quality drugs as DJPL and producers can fulfill internal demand and export abroad also. Nepalese producers can be self sufficient in essential drugs for those substandard brands must be removed from the market.

5.2 Conclusion

The commitment of National Drug Policy to accord the domestic pharmaceutical industries a status among priority sectors and provide 80% of essential drugs in the country should encourage national industries to forward. However, only 40% of the drug demand can be fulfill by national pharmaceutical industries due to the various obstacles such as political instability, short sightedness in import and export policies of government, ineffective monitoring system, unfavorable plans and policies, lack of skilled manpower and other related causes.

There was only 3% market share of Nepalese drug in fiscal year 2050/51. It was increased up to 27% in fiscal year 2059/60; this share increase nearly 40% within

a decade. Though the market share of domestic industries has gone up in terms of quality as well as percentage of total sales, there is still an ample space for the improvement in quality standard as per WHO GMP standard to compete with foreign drugs in international market.

At the present context Where Nepal has already got the membership of WTO, the government should pay proper attention towards improving competitive capability in national production of pharmaceutical products. With the integrated effort to the government, Nepalese pharmaceutical producers both public and private sectors, medical practitioners and all the concerned authorities, self sufficiency can definitely be achieved at least in the manufacture of essential drugs.

5.3 Recommendations

At present, there are altogether 45 National pharmaceutical Industries registered in the Department of Drug Administration for the production of the medicines. Most of them applied the WHO GMP guidelines. Nepalese pharmaceutical industries are providing a wide range of quality pharmaceutical industries products at a very economical rate. So, the government does not need to import those products in which Nepalese products have competitive edge.

National Industries are fulfilling 40% of total drug demand of the country. More than 50 % of demanded drug in our nation is fulfilled by Indian product and remaining 10% of drugs imported for third countries. Here are also duplicate medicine and quackery practices. The production and distribution of fousls and duplicate medicines has been creating a complex problem in the society. However all the facts shows the result is not satisfactory.

There are a huge number of sales people involved in pharmacy, including retailers and wholesalers. Among them, very less are well-trained and educated pharmacist with sound knowledge in pharmacy. Hence there is lack of well-educated pharmacist in this sector. Retailers should have access to information that they need to provide to the patients on the proper use of particular drug. Proper drug information is very important at the retailers' centers. Retailers are very important source of contact with consumers for health care service.

Government should give emphasis on producing well-trained retailers as well as the other person related in this field. According to the whole study, there are many problems in the marketing of pharmaceutical products in the present situation. Considering the marketing problems of the industry, this study presents some suggestions that may be helpful for the pharmaceutical industry to overcome from many problems presented above.

-) As the health is a basic human right, pharmaceutical industries need government support as priority industries.
-) Clear cut export and import policy should be formulated and implemented in an integrated manner to suit the development policies of import substitution and export diversification.
-) Protection of domestic industries can be exercised by imposing qualitative restriction on imported items, reconstruction and development of domestic industries, expanding domestic market, DJPL have already applied for quality inspection for export of Nepalese drugs.
-) At different level, efforts should be made to extend national drugs in international market b producing quality drugs as per WHO GMP standard.
-) A high degree of protection of domestic industry is essential to increase and improve the county's productivity and launching import substitution more effectively.

-) In order to protect the domestic industries and manufacturers; high protective tariff should be imposed on imported finished essential drugs which can be manufactured within the country while custom duties must be minimized during import of raw materials from foreign countries.
-) The rate of custom duties should be adjusted so as to give better opportunity for the development of domestic pharmaceutical industry. Tax holiday and soft loan should be provided.
-) The government should be committed in certain policies- implementations and provide better facilities and incentive to the private sectors as they play dominant role in the country's export trade.
-) The government should take strong action in order to protect rare raw materials or rare medicinal herbs found in Nepal and should promote commercial cultivation of the raw materials within the country as far as possible in order to save national expenditure on the import of the raw materials from foreign countries.
-) The government should provide technical support for processing of the local natural resources and raw materials.
-) Nepal should develop technical collaboration with developed country and give importance to the appropriate technology transfer. DJPL is very good example in this perspective. DJPL had entered into a technology transfer agreement with RENATA LIMITED, Bangladesh to import latest technology for manufacturing and quality assurance as well as develop technologically advanced facilities to produce drugs as per WHO GMP standard.
-) Special emphasis should be give for technology transfer by technical collaboration with developed countries on the basis of comparative advantage.
-) Smuggling and export of raw materials should be mentioned and controlled effectively.

-) Government should be more serious on the implementations of Drug Act and its regulation, especially on the registration of drug retail and wholesale of pharmacy as well as national pharmaceutical industries imported drugs and inspection. This will help in discouraging the increasing number of unnecessary brands in Nepalese market.
-) Strict step should be taken against unethical marketing practices as including materials like shampoo, soap, toothpaste, comb to attract the customer.
-) Monitoring system should be strict and effective. Laws and policies should be implemented in order to filter out and remove unregistered and substandard foreign drugs from the market.
-) Restriction should be imposed on the sale and distribution as well as consumption of unregistered drugs.
-) Concerned authorities should pay serious attention towards unethical market promotion strategy by spreading false and illusive advertisement about any allopathic, ayurvedic, homeopathic, veterinary drugs among customers from any communication media as radio, television or newspaper without taking permeation from DDA.

At last but not the least, Government of Nepal should focus attention for self sufficiency at a faster pace rather than adopting an easy technique of producing drugs and importing foreign drugs into the country and heavily depending upon them for the resources. This can be dangerous for the national economy. It is high time to imitate an economic restructuring in the economy. Though the market share of domestic industries has gone up in terms of quality as well as percentage of total sales, there is still an ample space for the improvement in quality standard as per WHO GMP standard to complete with foreign drugs in the international market.

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APPENDICES

Questionnaire

Interview Schedule

Questionnaire for the Consumers

This questionnaire is framed with a view to conduct a research for the partial fulfillment of the requirement for the degree of Master's of Business Studies. So your kind co-operation is expected by giving exact answer of the questions asked. The answer will be kept confidential.

Name:

Date:

Please tick the best alternatives.

1) How do you purchase medicine?

- a. With Doctor's Prescription
- b. As suggested by the retailers
- c. On the basis of advertisement.

2) How often do the retailer suggest for alternative medicine?

- a. Never
- b. Always
- c. Sometimes

3) What is your opinion on such pushing strategy of drugs?

- a. It is good as long as the drugs are effective
- b. It Depends upon particular case
- c. It should be discouraged

4) What would you do when you don't get the prescribed brand?

- a. Ask for alternative drugs
- b. I will get it from another pharmacy
- c. As suggested by retailer

5) How do you see price factor of medicine?

- a. Quality counts, not price
- b. The cheaper the better
- c. Depends on comparable brand

6) Are you conscious about expiry date?

- a. Yes
- b. No
- c. Sometimes

7) Do you think Nepalese drugs are economical than imported drugs?

- a. No
- b. Yes
- c. Depends upon product category

8) Which medicines do you trust most?

- a. Nepalese Drug
- b. Indian Drugs
- c. Foreign Drugs

9) Name any five pharmaceutical company you know and trust?

- a. DJPL
- b. NPL
- c. Simca

- d. Hukum
 - e. Others
- 10) Please give your valuable suggestion for improvement of Nepalese Pharmaceutical Companies?
- a. Unethical marketing practice exists.
 - b. Customer awareness about ill practice.
 - c. Brand awareness among consumers.
 - d. Price Sensitive Consumers.
 - e. Customer unawareness about expiry date.
 - f. Nepalese drugs add to the National Economy.
 - g. Nepalese drugs are trustworthy.

Thank You for Your Kind Co-operation.

Interview Schedule

Questionnaire for the Doctors

This questionnaire is framed with a view to conduct a research for the partial fulfillment of the requirement for the degree of Master's of Business Studies. So your kind co-operation is expected by giving exact answer of the questions asked. The answer will be kept confidential.

Name:

Date:

Please tick the best alternatives.

1) Do you think Nepalese Drugs are comparable with foreign medicines?

- a. Yes
- b. No
- c. Somehow

2) While prescribing drugs, which one would you prefer?

- a. Nepalese Drugs
- b. Foreign Drugs
- c. Not Particular

3) What percentage of Nepalese drugs is available in your area?

- a. 0-50%
- b. 50-100%

4) Do you often prescribe the medicines of a single brand?

- a. Yes
- b. No

5) What is the determining factor for your prescription?

- a. Quality
 - b. Price
 - c. Nationality
 - d. Gifts
- 6) How often do you find the chemists are substituting the drugs you prescribe?
- a. Always
 - b. Sometimes
 - c. Never
- 7) What makes you prescribe a particular brand of drugs?
- a. Continuous visit by MR
 - b. Gift
 - c. Sponsoring the academic activities
- 8) Do you check if the company whose drug you prescribe is WHO GMP certified?
- a. Yes
 - b. No
- 9) Do you change your prescribing habit according to the MR visit?
- a. Yes
 - b. No
- 10) Please give your suggestions for the upliftment of the standard of Nepalese drug as compared to the foreign drugs?
- a. Nepalese drugs have good response.
 - b. Positive attitude towards Nepalese drugs.

- c. Availability in the target market.
- d. Brand awareness among doctors.
- e. Quality consciousness among doctors.
- f. Unethical marketing practice exists.
- g. Importance of medical representative.
- h. Quality consciousness among doctors.
- i. Medical Representative is important promotional tools

Thank You for Your Kind Co-operation.

Interview Schedule
Questionnaire for the Producers

This questionnaire is framed with a view to conduct a research for the partial fulfillment of the requirement for the degree of Master's of Business Studies. So your kind co-operation is expected by giving exact answer of the questions asked. The answer will be kept confidential.

Name:

Date:

Please tick the best alternatives.

- 1) What percentage of your company are producing drug as per WHO GMP standard?
 - a. 0-25%
 - b. 26-50%
 - c. 51-75%
 - d. 76-100%

- 2) Do you think that heavy promotion helps to capture more market share?
 - a. Definitely Yes
 - b. Sometime
 - c. Never

- 3) Are Nepalese companies expecting highest sales by providing limited benefit to prescribers?
 - a. Yes
 - b. It depends upon particular company
 - c. No

- 4) What is the main reason behind Nepal being a highest brand consuming country?
- Lack of Long-term Vision
 - Selfish motives of producers
 - Easy entry from boarder
- 5) Are doctors confused by substandard substitutes?
- Never, Quality counts
 - The cheaper the better
 - Certainly, it is inevitable
- 6) How would this unhealthy competition affect the company?
- Severely
 - Not mach
 - Not at all, quality has its own reward
- 7) Can Nepalese pharmaceutical company fulfill the demand of drugs within the nation?
- Yes, it can export also
 - No, it is very difficult
 - Foreign drugs are essential
- 8) Do you think that restriction on particular drugs on which Nepalese Industries has attained self-sufficiency should be done?
- Of course, it is high time Government should impose restriction
 - No, there must be healthy competition
 - Doesn't really mater

- 9) Do you think giving gifts to the doctors is apart of ethical marketing?
- a. No, It is not a part of ethical marketing
 - b. Yes; according to market trend it should be done
- 10) Please give your valuable suggestions to the government for the upliftment of Nepalese Pharmaceutical Industries?
- a. Standard of Nepalese drugs is improving.
 - b. Market promotion is significant to capture market share.
 - c. Inadequate motivation to the doctors except from DJPL.
 - d. Ineffective monitoring and policies responsible for unhealthy competitions.
 - e. Nepalese producers are committed to provide quality drugs as DJPL.
 - f. Substandard brands must be removed from the market.
 - g. Nepalese producers can fulfill internal demand and export abroad.
 - h. Nepalese producers can be self sufficient in essential drugs.
 - i. Doctors get motivation to prescribe Nepalese drug from gifts

Thank You for Your Kind Co-operation.